

July 31, 2013

Mr. Chairman and Members of the Economic Impact Committee:

Section 2 of Senate Bill 2339 requires the North Dakota Housing Finance Agency (NDHFA) to compile an inventory of local, state and federal government programs regarding residential and commercial development assistance, including housing finance programs, energy efficiency programs, home and residential accessibility programs, disaster recovery programs, and other governmental programs.

Before NDHFA, in concert with the Department of Commerce and Bank of North Dakota, begins surveying the various entities in the housing system, we wanted to provide our proposal for this study to ensure that it will meet the committee's expectations.

Attached you will find a draft development matrix that breaks down programs by several common elements:

- Agency administering the program;
- Type of assistance provided;
- Maximum amount of assistance per project;
- Match requirements;
- Program limitations;
- Income restrictions for affordable housing units under the program;
- Rent restrictions for units under the program;
- Program funding source;
- Total amount of program funding ;
- Program duration;
- Number of units; and
- Any other information necessary to explain the scope of the program.

Our understanding of the purpose of the study is to identify gaps and overlaps in the housing development system and, as such, we are not focusing on "commercial development assistance" outside of the scope of housing development.

We also are not focusing on programs that provide homeownership or rental assistance to individuals but rather solely on programs that assist in developing single-family and multifamily housing units.

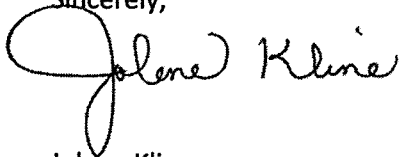
Because the survey is to encompass local as well as state and federal government programs, we will work with the League of Cities and Association of Counties as well as any other appropriate organizations to help compile this information.

We would ask that you allow us adequate time for data collection, analysis and report preparation. While the raw program information we will provide is likely interesting, we feel it would be more useful to you if we examined the intersections between the programs to fully meet the requirements of the study.

We hope our proposal for the direction of this study is in line with the priorities of the committee. We appreciate the interest this committee and the Legislative Assembly have in housing and look forward over the interim to discussing the challenges and opportunities our affordable housing developers face. We know the importance the program inventory we deliver will have in helping you make sound housing policy decisions.

We will make ourselves available at any point during the course of the Legislative Interim to discuss this study or any housing issues with you and hope that you will feel free to contact us at any time.

Sincerely,

A handwritten signature in black ink that reads "Jolene Kline". The signature is written in a cursive style with a large, looped initial "J".

Jolene Kline

Acting Executive Director

Program	Agency	Type of Assistance	Maximum Amount per Project	Match Requirement	Limitations	Income Restrictions	Rent Restrictions	Program Funding Source	Total Amount of Program Funding	Program Duration	# of Units	Notes
Housing Incentive Fund II	NDHFA	Zero interest, forgivable loan to incentivize multifamily rental housing development.	30% of project cost or: For projects receiving 9% federal tax credits under the Low Income Housing Tax Credit program or the Historic Preservation Tax Credit program, no more than \$600,000 per project. For non-federally subsidized projects, no more than \$3,000,000.	Developers must assist in raising contributions into HIF	New construction of multi-family housing. Substantial rehab of uninhabitable residential structures or habitable structures at risk of becoming uninhabitable due to deterioration. Substantial rehab of existing uninhabitable units when a minimum of 50 percent of the units in a building are uninhabitable due to flooding or other natural disaster. Adaptive reuse of existing non-residential buildings that create additional housing units. Retirement of market rate debt to convert market rate units to affordable units. Acquisition rehab of projects opting out of a HUD or USDA-RD contract. Acquisition of publicly owned essential service worker housing by a private entity with the commitment of continued affordability.	140% AMI	30% of qualifying median income	\$15,400,000 transfer from state general fund (2013 SB 2014); \$20,000,000 taxpayer contributions in exchange for state income tax credits (2013 HB 1029)	\$35,400,000	Temporary (sunset June 30, 2015)	750-1,000 (anticipated during 2013-15 biennium)	First priority on housing for essential service workers
Low Income Housing Tax Credits (Housing Credits)	NDHFA	Federal income tax credits to fund the development of low-income housing units	The tax credit is intended to provide, over a 10-year period, a "present value" credit of either of the following: (1) 30 percent of the property's Qualified Basis for new buildings with a federal subsidy or for the acquisition costs of eligible existing buildings that are rehabilitated. A new building is treated as federally subsidized if there is tax-exempt financing. (2) 70 percent of the property's Qualified Basis in the case of new construction or the substantial rehabilitation costs on an acquired building.		No one project eligible for more than 25% of the annual allocation amount.	A property must, for at least a 15-year period, have a minimum of either 20 percent qualified low income units occupied by households with incomes under 50 percent of area median income, or 40 percent qualified low income units occupied by households with incomes under 60 percent of area median income.	30% of qualifying median income	Federal income tax credits	\$2,590,000	Permanent	Typically 150-175 per year	Mandatory 10% set-aside for non-profit organizations, 10% set-aside for tribal entities.